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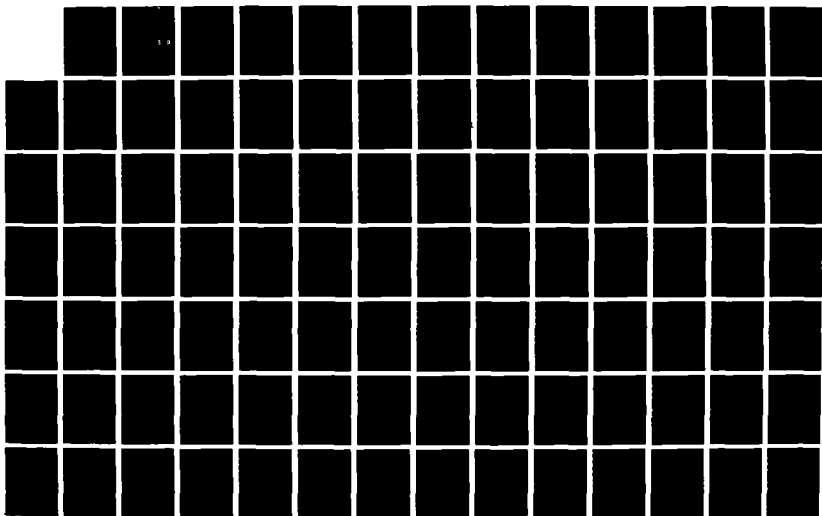
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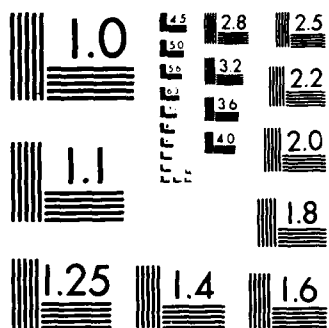
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ITS FOREIGN DEBT AND SOVIET
ECONOMIC ASSISTANCE

AND

CUBA: AN EVALUATION OF ITS
MILITARY RELATIONS WITH
THE SOVIET UNION

by

RENE' LYNETTE BARTUSCH, B.A.

REPORT

Presented to the Faculty of the Graduate School of
The University of Texas at Austin
in Partial Fulfillment

of the requirements
for the Degree of
MASTER OF ARTS

THE UNIVERSITY OF TEXAS AT AUSTIN

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DEDICATION

These professional reports are dedicated in loving memory to Harry G. Weir, Lieutenant Colonel, 130 Tactical Airlift Group, West Virginia Air National Guard. His unwavering personal and professional friendship, his patient instruction, and his encouragement and supportive guidance have inspired and facilitated my pursuit of personal and career goals.

A special thanks to my dear and devoted parents, to Harry's wife Janet, and to my special friends Art, Kevin, and Betsy whose love and moral support made the going a lot easier.

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INTRODUCTION

This study is primarily an economic appraisal of Cuba's foreign debt situation as of the middle of 1986. It is secondarily an appraisal of Soviet economic assistance during the 1960-86 period. The Soviet economic assistance will be evaluated in relation to Cuba's accumulated foreign debt by mid 1986.

During the first half of the decade of the 1980's, there has been an unprecedented economic spotlight placed on the Latin American countries because of their decreasing ability to service their foreign debt. But Cuba has stood out among these Latin American countries because of its reputed ability to service its own debt. Furthermore, Cuba's foreign debt situation has been drawn under the spotlight because of the strong verbal stance Castro has taken regarding the overall Latin debt crisis. He insists that the Latin countries cannot and should not service their foreign debts, and that the Western nations should forgive them their debts.

What exactly is the nature of Cuba's foreign debt situation? If Cuba's foreign debt is in fact as

low as reputed in comparison to other Latin American countries, why is Castro continually harping on the overall subject? How does Cuba manage to maintain such a comparatively low debt figure? How influential is Soviet economic assistance in maintaining this low debt figure?

It is the intent of this report to attempt to answer these questions while exploring these issues. Part I will address the overall debt crisis and briefly summarize how the situation evolved. Part II will broach Castro's views on the crisis, and submit his proposed solution to the crisis. Part III is the crux of the report; it is a detailed account of Cuba's foreign debt both past and present. Finally, Part IV looks at estimates of the amount of Soviet economic assistance extended to the Cubans, and its impact on Cuba's foreign debt situation.

The statistical data presented in this report are figures of "probable indebtedness" rather than real and recognized debt. This is due to the scarcity of hard figures published for foreign debt or Soviet economic assistance by either Cuba or the Soviet Union. Those numbers that are published are subject to a certain amount of "finessing", to depict a more positive economic picture. The sources for

the majority of statistics contained in this paper are derived from newspaper, magazine, and journal articles rather than from the traditional (International Monetary Fund, World Bank, etc.) economic publications. This again is due to either the unavailability or incompleteness of Cuban statistics in these publications. The numbers used for total indebtedness or total economic assistance are those that ran uniformly through the majority of the sources; statistical extremes were regarded as aberrations. Except where otherwise noted, currency figures are evaluated in terms of United States dollars.

I. Latin American Debt Crisis

Economic growth in Latin America has historically been unstable and uneven. Despite this, the region as a whole has enjoyed growth in national income that has been faster than that in population. In the early 1980's however, this rising average income was marred by sustained inflation, external payments disequilibria, and a deepening inequality in the distribution of income.¹ These tendencies reached such proportions that 1981-1982 was called the year of the "Latin American crisis."² At the heart of this precarious financial situation was the external or foreign debt which the Latin American countries had incurred. The region in 1986 carried an external debt of \$370 billion³, most of it incurred by the Latin American governments during the 1970's.

In an attempt to overcome the global oil shocks of the 1970's, many Latin American countries gambled on ambitious growth targets by borrowing heavily in international financial markets.⁴ For example, Brazil responded to internal political pressures to expand at the expense of a deteriorating

external payments position.⁵ Mexico, based on the optimism of its newly discovered oil reserves, borrowed significant amounts from abroad for expansionary policies at home.⁶ It was assumed that rising imports would keep Latin America abreast of its debt. For a time it worked. Toward the end of the decade however, interest rates shot up due to anti-inflationary monetary policies taken by the industrialized countries. The global recession caused a ruinous decline in Latin American exports. This in turn resulted in a deterioration in the terms of trade. Caught in the squeeze, Latin America had to start borrowing more just to meet interest payments.⁷ It was this strategy of "growth-led debt" which may have been the most important source of the debt crisis.⁸

The Latin American debt crisis was first drawn into the limelight when oil-rich Mexico failed to meet its debt-service obligations in August 1982. Mexico was the second largest developing country debtor at \$80 billion, and with proven oil reserves of seemingly unlimited value.⁸ Other countries prominently included Brazil and Argentina, with Chile and Peru not far behind.⁹ Latin American countries had been among the largest borrowers, accounting for

some 40 percent of the total debt in the early 1980's.¹⁰ Latin America was also the region whose debt burden relative to export earnings was greatest, and where, after 1980, the debt problem most rapidly deteriorated.¹¹ By 1986, Latin America's three largest debtors; Brazil, Mexico, and Argentina, carried debts of \$104 billion, \$96 billion, and \$46 billion respectively.¹²

II. Castro's "Solution" to the Debt Crisis

By the mid-1980's, the leading Latin American nations, worried by the political perils of their continuing financial crisis, were beginning to balk at the austerity programs urged by the International Monetary Fund - IMF.¹³ In several Latin American countries, IMF-type stabilization policies meant a virtual arrest in per capita income growth, delays in investment projects, and interruptions in anti-poverty programs.¹⁴ These nations argued that the IMF-recommended austerity programs and the rescheduled principal payments had not improved the financial status of their countries -- rather, they remained burdened by heavy interest payments. They insisted that an entirely new approach to the region's foreign debt had to be urgently found.

Fidel Castro apparently found this "new approach" to the debt crisis. He suggested that the U.S. and other industrialized nations should reach into their coffers and pay the banks the money that was owed by Latin America.¹⁵ While the idea wasn't novel, Mr. Castro's near obsession with it was. During 1985 and 1986 he harped on debt in dozens of

speeches and interviews, as well as in private talks with politicians, business executives and diplomats from around the world.¹⁶ He pointed out that the cost of servicing the debt ate into both foreign lending and export earnings, leaving little for Latin American economic development.¹⁷

The thrust of Castro's position, was that the debt owed by Latin American governments was "unpayable" and "unjust" and should be cancelled.¹⁸ To illustrate this, Castro recalled:

Twenty-four years ago, Kennedy promoted the Alliance for Progress as an antidote to prevent social convulsions, and undoubtedly the measures were imaginative. He proposed reforms and economic aid totalling \$20 billion (in 1961 prices) to be invested (by the US in Latin America) over a period of 10-15 years.¹⁹ Now, Latin America will be making interest payments to the industrialized countries, of \$400 billion in ten years, or twenty times what Kennedy suggested investing.²⁰

Castro claimed that it was not a question of whether or not the countries wanted to pay the debt or the interest rates. More accurately, it was that they could not pay them. He argued that the debt could be renegotiated and nothing at all would be solved, because they could not pay even the interest. He insisted that if these countries attempted to pay the debt, they would be in danger of complete political

destabilization and social explosion.²¹

While the Cuban leader was urging his fellow Latins to form a "common front" for cancellation of the debt, he shied away from radical proposals that might have scared them off. He didn't, for example, suggest that countries simply refuse to pay. For a solution, Castro suggested that Latin America be granted a minimum grace period of approximately ten to twenty years for its foreign debt obligations, including the payment of interest. He went a step further to say, "that if the debt was cancelled it would not only benefit Latin America, but it would also benefit the United States, international trade and all countries".²² He believed the developing countries would have greater buying power, and they could buy their finished products (materials, and agricultural, transportation and industrial equipment) from the United States, Europe and Japan. The Third World's buying power would increase every year by \$80 billion -- which, if well invested, could guarantee the sustained growth of their economies if the economic principles proclaimed by the United Nations were applied.²³ This would mean more exports for the industrialized countries, more workers employed, and more industrial profits. The export

companies would export more, investors abroad would make larger profits, and the banks would recover their money.²⁴

Castro did not suggest that the banks go under, or that the taxpayers pay more taxes. He did, however, suggest that the creditor Western nations use a small percentage of their military expenditures (no more than 12 percent), to assume the debts to their own banks. This way, neither the banks nor the depositors would lose; to the contrary, the banks would have that money guaranteed.²⁵

There were varied reactions to Castro's proposals concerning the debt crisis. Some found his diplomatic, non-revolutionary approach to the issue refreshing. A few years back Mr. Castro would have urged Latin America to repudiate its debts, to let the U.S. banking system go smash, and to rejoice in the pleasures of social explosion.²⁶ Castro himself felt that "the banking system could not be permitted to go broke. If the problems of development could not be solved, a revolution by itself would not solve them".²⁷

Mr. Castro's critics charged that he had seized upon the debt crisis to try to demonstrate leadership in the region and to gain prestige for

himself and Cuba.²⁸ It was generally believed that he was calling on the Western industrialized states to forgive Latin America's foreign debt in an effort to win solidarity from fellow Latins. It was also believed that the motive behind these overtures was economic. On economic issues, Cuba had much in common with other Latin states; it lacked hard currency and suffered from the low world prices of its raw-material exports, chiefly sugar.²⁹ By using the issue to reestablish formal and informal ties to the rest of Latin America, he could strengthen Cuba's economic links in the Americas and help prop up its ailing economy.³⁰

Some Latins at least appeared to be listening to what Mr. Castro was saying. Ecuadoran President Febres, who visited Castro in April 1985 said, "I don't agree with him, but his position will be attractive to governments that don't have any possibility of paying their debt."³¹ A European diplomat claimed, "it's a magnificent theme for him to win solidarity with other Latins. It's much more powerful than sending arms to guerrillas."³²

Some Western diplomats took Castro's proposals and speeches with a grain of salt because, as one put it, "Mr. Castro is not following his own

advice."³³ Despite all of his talk of cancelling Latin America's foreign debt, Cuba was considered to be in relatively good standing with Western bankers. One Canadian banker said "it's unanimously recognized among banks that in terms of risk Cuba is one of the best".³⁴ Although Cuba had to reschedule part of its \$3.5 billion hard-currency debt every year since 1982, it had always, until 1986, paid interest promptly. It was also the only country that had never requested a single additional penny as part of its restructuring.³⁵ Cuba's comparative good standing with the Western bankers may have been one of the reasons that other Latins didn't rush aboard the Cuban bandwagon.³⁶ Cuba's call for a regionwide "default" was largely ignored and Latin American leaders were not likely to change their policies as a result of Mr. Castro.

There was a somewhat successful campaign though, to extract a more flexible approach from the IMF and easier repayment terms from commercial banks. The Reagan Administration's decision to promote a new strategy to deal with Latin America's debt marked a turning point in the region's four-year old financial crisis.³⁷ Washington became amenable to the Latin American argument that growth-oriented policies would

enable the region to meet its huge debt obligations more effectively than the austerity programs demanded until then by the IMF.³⁸

III. Cuba's Foreign Debt

Cuba itself has not escaped a debt crisis. It has not managed to escape this crisis either in its dealings with the Western capitalist countries or with the Council for Mutual Economic Assistance - CMEA. And despite its good reputation with the commercial bankers, Cuba did in fact owe more than \$13 billion in total outstanding foreign debt in 1986. This total foreign debt, although small in comparison to Latin America's three largest debtors (Brazil, Mexico, and Argentina), was somewhat large by Latin American standards in terms of debt per capita and in relation to GNP. At this point, the history of Cuba's foreign debt warrants detailed attention.

PRE-REVOLUTION

In the years before the revolution, given the degree of economic development achieved, Cuba's public debt was relatively low.³⁹ This is particularly true when compared with the public debt of other Latin American countries. After 1953 however, the debt began to increase, and by 1958 it had reached levels never before attained. Included

in the public debt figure is the accumulation of the foreign debt. Averaged in millions of pesos, in 1952 Cuba's foreign debt was \$65.3.⁴⁰ In 1953, 1954, and 1955 the foreign debt was \$62.4, \$58.2, and \$57.0 respectively.⁴¹ The foreign debt had declined steadily both in absolute terms and as a percentage of foreign exchange reserves. In 1955 it amounted to only 11.5 percent of reserves and 2.7 percent of the GNP.⁴²

Prominent officials of the Castro government have stated that on January 1st, 1959, Cuba had practically exhausted its normal sources for external and internal financing.⁴³ A number of sources however, indicate that this may not be entirely true. Cuba's foreign debt on January 1, 1959 was, in fact, small. It stood at \$45.5 million; which in retrospect, increased 136 times in the first seventeen years of the revolution.⁴⁴

THE 1960's

Beginning in 1960, numerous commercial and payments agreements were signed with countries of the Soviet bloc, which gave Cuba substantial commercial credit. Meanwhile, exporters from the western countries cancelled their customary commercial credit

to Cuban firms, in view of the almost total suspension of payments to western creditors decreed in a more or less open manner by the National Bank.⁴⁵ Moreover, it was not until 1962 that the revolutionary government made any payment on the public debt at all. That year funds were finally earmarked in the budget for servicing the public debt. During the first five years of the revolution, Cuba's balance of payments position deteriorated at an extraordinary rate. The trade gap widened, and the associated rise in external public debt was not matched by growth in debt-service capacity. Between 1967 and 1968 the foreign debt reached alarming proportions without improvement in the country's capacity to generate or save foreign exchange. By the end of 1968, some sources estimate Cuba's total foreign debt (including trade deficits and capital obligations) at over \$3 billion.⁴⁶

THE 1970'S

By the early 1970's Cuba's foreign debt was clearly divided into two categories; that which was owed to the USSR and that which was owed to the West. Cuba's dependence on the Soviet Union was apparent through the percentage of trade negotiated with the

USSR, and through the amount of external debt accumulated. The total debt owed to the Soviet Union in 1972 was probably close to \$4 billion if the annual repayment of loans (\$130-150 million) plus interest, shipping costs, and the cost of maintaining Soviet technical and military advisors were added.⁴⁷ Also by that time it was apparent that Cuba could not repay that debt amount. Cuba's apparent compliance with political and economic reforms desired by the USSR however, prompted that country to renegotiate the debt on very favorable terms. In December 1972, the USSR deferred for thirteen years the payment of the Cuban debt (both principal and interest) which had accrued since 1960. According to the 1972 agreement, payments would begin in 1986 and be spread over a period of twenty-five years.⁴⁸

Since 1972, Cuba had also had access to capital financing from market economies in two basic forms; medium-term (five year) loans borrowed from Eurocurrency markets to finance Cuba's trade deficits with the West, and long term credits (only partly used) for the purchase of capital and intermediate and consumer goods from Western Europe, Japan, Canada, and Latin America.⁴⁹ Cuba's relatively easy access to this Western credit in the 70's was due to

the island's economic boom and its good repayment record.

During the latter half of the 1970's Cuba's bank debt increased at a more rapid pace. For 1976 -- Cuba's net hard currency debt with the West has been estimated at \$1.3 billion; \$400 million in outstanding loans with Eurocurrency markets plus \$900 million in used credits.⁵⁰ Total indebtedness in 1976 was estimated at \$6.2 billion; \$1.3 billion owed the West, and \$4.9 billion owed the USSR.⁵¹

THE 1980'S

The collapse of world sugar prices beginning in 1980 made it increasingly difficult for Cuba to meet its debt repayment obligations. The depressed sugar market compounded by worldwide recession in 1981 and 1982, high interest rates, and foreign credit cutbacks, brought Cuba to major financial crisis. Up until 1982, Cuba had no trouble meeting its Western obligations at all. When Mexico sought a restructuring, Western bankers suddenly anxious about all of their loans to Latin America, cut back their short-term deposits in Cuba by roughly 50%.⁵² This pinch in liquidity, coupled with the previously-noted financial circumstances, caused Cuba to seek a

rescheduling.

In 1982, Cuba held an outstanding hard currency debt of \$2.6 billion, of which \$1.4 billion was owed to commercial banks.⁵³ One-third of the total was short-term obligation.⁵⁴ This figure does not include substantial loans from the Soviet Union, the total of which neared \$7.0 billion.⁵⁵ This total debt of almost \$10 billion was more than 200 times what it was in 1959.⁵⁶ In August of 1982 Cuba decided to seek renegotiation of its financial obligations with the West. Cuba sought to reschedule \$1.2 billion that was to fall due before 1985 and it requested postponement of repayments for ten years with a three-year grace period. In October it was reported that Cuba had made substantial progress in the renegotiation process despite U.S. pressure on the international banks to stop credit. In March 1983, news emerged that representatives of thirteen creditor countries had agreed in Paris to reschedule \$413 million of Cuba's debt that matured between September 1982 and the end of 1983.⁵⁷ The debt was to be repaid by the end of 1990 -- somewhat tighter terms than the ten-year deadline with a three-year grace period originally requested by the Cubans. A similar agreement was simultaneously reached with

respect to a \$468 million debt owed by Cuba to commercial banks in the West.⁵⁸

Since the 1982 rescheduling, Cuba has sought additional rescheduling every year. In 1984 Cuba sought to reschedule part of its \$3 billion hard currency debt primarily because of the weak world market for sugar. It had tentatively agreed to reschedule \$810 million in short and medium term debt owed to its major creditors.⁵⁹ The Western banks not only agreed to reschedule the debt but also agreed to reschedule it at lower rates. \$100 million of medium-term debt was rescheduled over nine years. The banks also agreed to extend between \$380 million and \$400 million of short-term credit for a year. Twelve Western countries agreed to reschedule \$250 million.⁶⁰

In 1985, Cuba's total outstanding foreign debt was \$13 billion. It owed \$10 billion to the Soviet Union and other East Bloc countries, as well as an additional \$3 billion to Western European banks and governments.⁶¹ Cuba sought to reschedule both its hard currency debt and its Communist Bloc debt. The bloc debt was renegotiated in early 1985 -- Cuba secured agreement from the USSR to reschedule all its debt repayments falling due before 1990.⁶² The terms

for this agreement were not made public, although the rescheduling was to have been made with generous repayment terms.⁶³

In mid-1985 the Banco Nacional de Cuba agreed to reschedule its debt owed to Western governments and agreed to restructure its debt owed to Western commercial banks as well.⁶⁴

Representatives of the creditor governments agreed to let Cuba roll-over repayment of a large portion of its government foreign debt (debt service payments falling due in 1985) and agreed to examine a rescheduling of the country's 1986 debt at a later date. Cuba was trying to negotiate a rescheduling of \$285 million of medium and long term debt falling due in 1985.⁶⁵ It was able to reschedule \$140 million.⁶⁶

The negotiations with the Western bankers took place in Paris where Cuba sought to reschedule \$85 million of medium-term debt and a roll-over of roughly \$375 million in short-term deposits on slightly better terms than in the past.⁶⁷ The biggest creditor banks agreed, although no details about terms were released.⁶⁸ Those same banks sought approval from 100 smaller banks (which included 35 from Japan, 23 from France, and 11 from the U.K.).⁶⁹ In 1985 Cuba rescheduled some 29% of payments due,

compared with 40% in 1984 and 53% in 1983.⁷⁰

1986

In 1986 there was a unique twist of events to what had grown to be a rather routine Cuban debt rescheduling process. For the first time, Cuba suspended payments on its hard-currency debt, and it requested additional money as part of the rescheduling package. Cuba then owed \$3.5 billion in hard-currency debt, and close to \$14 billion in total outstanding foreign debt. More than \$1 billion of the hard-currency debt was owed to international commercial banks, including some in France, West Germany, Japan, and Canada.⁷¹ About half of that total was short-term or trade-related debt.

In late April, Cuba told its Western lenders that it would suspend interest payments as of May and demanded roughly \$500 million in new money.⁷² It cited a weakened economy and the Western lenders' rejection of a Cuban proposal to reschedule its interest and principal repayments over twelve years, as the reason for suspension. Cuba's interest payments to banks already totaled \$50 million, while principal repayments totaled an additional \$100 million.⁷³

Cuba's change of position appears to have been induced by a combination of adverse economic conditions and developments. These were expected to cut Cuba's foreign-exchange earnings in 1986 by nearly one-third, or about \$400 million.⁷⁴ One of the circumstances that engendered Cuba's financial problem was the decline of world oil prices. The loss to Cuba in 1986 alone totaled about \$250 million.⁷⁵ The weaker dollar was also predicted to deprive Cuba of \$110 million.⁷⁶ The reason: Cuba's exports are denominated in dollars, but because Cuba is prohibited by U.S. law from owning dollars, it is paid in other currencies.⁷⁷ And because the dollar declined sharply against other currencies, Cuba's exports brought it less foreign exchange.⁷⁸ This situation potentially had a big impact on Cuba's ability to service its debt. One commercial banker commented that Mr. Castro's tough talk against bankers during the 1985/86 period accounted for Cuba's current cash bind more than the aforementioned economic problems. He believed that this caused some of Cuba's creditor banks to pull trade credit lines.⁷⁹

Although Cuba went into arrears on the debt payment in late April, by mid-May it reversed its

decision and made an interest payment of between \$6 million and \$7 million⁸⁰ to the international commercial banks. However in July, despite an offer from creditor banks of \$50 million⁸¹ in new loans as part of a rescheduling package, it suspended payments again. Effective 1 July, it suspended all payments on its medium- and long-term commercial debt. Then, the third week in July it stopped payment on all its short-term debt. The Cuban government was apparently intent on holding out for more funds from the West; as it was seeking \$300 million of fresh money to support the refinancing package.⁸² The suspension of payments was to have lasted until the Government completed rescheduling negotiations.

Finally, in August Cuba promised to clear its one-month arrears on the short-term commercial debt. However, it did not give any deadline, pending the completion of rescheduling negotiations.

IV. Soviet Economic Assistance

Of Cuba's nearly \$14 billion debt in mid-1986, only \$3.5 billion was hard-currency debt. The rest was owed to the CMEA nations and was, according to one observer, automatically rolled-over without interest"⁸³. Unlike other Latin States, Cuba's chief creditor was the Soviet Union. As a matter of fact, Cuba had received more economic assistance from the USSR than any other developing country outside the USSR's Eurasian orbit.⁸⁴ In light of this -- one could hypothesize that Cuba's comparative lack of foreign debt and historically good financial standing was due to the magnitude of subsidy it receives from the Communist Bloc.

Cuba had received economic assistance from the Soviet Union for the past 26 years. Even before the United States broke relations with Cuba in 1961, Castro had already completed arrangements with Moscow for considerable military and economic aid. The first agreement on trade turnover and credits was signed in February 1960, thus officially initiating trade between the two countries. Under the Soviet-Cuban Trade and Economic Aid Agreement, the

USSR undertook to buy one million tons of Cuban sugar in each of the ensuing five years. In addition, the Soviet Union granted Cuba an initial credit of \$100 million at 2.5 percent interest repayable over twelve years.⁸⁵

By 1962, 82 percent of Cuba's foreign trade was with the socialist bloc; 42 percent of its exports went to the USSR, and the latter provided 54 percent of Cuban imports.⁸⁶ Furthermore, in that same year, 90 percent of the Cuban deficit of \$211.9 million with the socialist bloc was held by the USSR.⁸⁷ By the end of 1965 the Soviet Union and other Communist countries had supplied Cuba with military and economic assistance estimated at over \$2 billion in value.⁸⁸ Of this, nearly three-quarters was supplied by the Soviet Union. Soviet economic assistance proved to be most generous from 1964 to 1970. For the latter years of the 1960's the estimate of \$1 million in aid per day may actually have been an understatement.⁸⁹

The references to Soviet economic "aid" or "assistance," however, must be qualified. The Soviets have provided aid to Cuba in four ways; the first two are loans that must be repaid, and the last two are nonrepayable grants. The repayable loans

consisted of provisions of annual credits to finance the Soviet-Cuban trade deficit (the most significant source of Soviet aid estimated at more than \$4 billion in 1976), and direct aid for economic development (estimated at \$860 million in 1976).⁹⁰ The nonrepayable grants consisted of subsidies to the price of the imports of Cuban sugar, particularly since 1965, and nickel since 1973, and to the export of Soviet oil since 1974 (estimated at \$3.6 billion in 1976).⁹¹ Also included in that category was the military equipment (estimated at \$1.5 billion for the 1960's alone).⁹² The total cumulative Soviet economic aid given to Cuba in 1960-1979 amounted to \$16.7 billion, about one-third in repayable loans and two-thirds in nonrepayable subsidies.⁹³ In 1979 alone, Cuba received \$3.1 billion in Soviet economic aid -- \$8.5 million daily -- equal to \$315 per capita and one-fifth of Cuba's GSP in that year.⁹⁴

In 1972 Cuba joined the Council for Mutual Economic Assistance - CMEA. Five agreements were signed with the Soviet Union, covering the renegotiation of the foreign debt, financing of deficits until 1975, economic and technical collaboration, and the mutual supply of goods and machinery for the regulation of import and export

prices.

In October 1984 at the 39th summit meeting of the CMEA, the USSR signed an economic aid pact with Cuba which laid the foundation for economic cooperation to the year 2000. This agreement stressed Cuba's food and power industries: agro-industry, fuel and power, metallurgy, electronics, chemical and light industry, medical, transportation, communications, science and technology. The most important features of the agreement for Cuba were the assurance of continued deliveries of oil and purchases of sugar on preferential terms and the rescheduling of all Cuba's debt repayments to the USSR falling due before 1990.

The Soviet economic assistance program to Cuba in 1986 was maintained at about \$4 billion a year -- equivalent to over one quarter of Cuba's gross national product -- and which accounted for over half the USSR's global economic assistance program.⁹⁵ This roughly equated to \$1 per Cuban per day.⁹⁶ The economy received assistance in grants, subsidized sales of oil, and purchases of sugar at high prices.

The artificially high price the USSR pays for its sugar has been one of the hidden sources of

Soviet aid over the past twenty-six years. Moscow buys most of Cuba's sugar at prices several times higher than the going world market rate. For example -- to help meet export quotas to Russia (which amount to half the sugar produced), Cuba bought sugar at bargain prices on the world market in 1984 and 1985 and then sold it to Russia at the subsidized price.

The other hidden source of Soviet aid is the discount on Soviet oil "sold" to Cuba. In 1985 the Soviets sold Soviet oil to Cuba at \$20 dollars a barrel instead of the OPEC price of \$29.⁹⁷ Additionally, the USSR reached an accord with the Cuban government which gave Cuba the proceeds in convertible currency of the free market sale of every barrel of oil they did not use.⁹⁸ For instance, that same year, Cuba spent \$100 million for foreign sugar, which it sold to the Russians for more than \$1 billion.⁹⁹ With the proceeds, Cuba bought more Russian oil than it could use. So, the USSR allowed Cuba to sell the surplus oil to the West for about \$400 million in hard currencies.¹⁰⁰ Where sugar used to be Cuba's major export, its leading export in 1986 was actually the reexport of Soviet oil. Through this reexport process Cuba earned 40% of its hard currency.¹⁰¹ The Soviets did this in part to help

Cuba with the repayment of its debts.

In 1984, in a series of tough confrontations, Moscow apparently told Cuba its aid would not rise above the current level of \$4 billion in loans and subsidies and \$500 million in military assistance.¹⁰² Despite the Soviets refusal to increase the cheap subsidies and in-kind aid they've given over the years though, Cuba's relations with the Communist Bloc showed no sign of weakening. In April of 1986, the Soviet Union boosted its 1986-1990 trade and direct aid package to Cuba by \$3 billion, 50% more than in the previous five-year period.¹⁰³ That increase was expected to partly offset the decrease in the value of Soviet oil that Cuba reexports. The Russians had also already agreed to wait until 1990 for the first \$125 million¹⁰⁴ debt repayment which was due in 1986.

CONCLUSION

Cuba has proven to be an interesting case study with regard to its foreign debt. It is certainly a unique case in comparison to the other debt-ridden Latin American countries.

Cuba, however, has not been totally exempt from the debt crisis. It has just not felt the effects as severely as the other countries because the majority of its foreign debt is owed to the Soviet Bloc. Subsidized by the Soviet Union, Cuba has been beneficiary to numerous grants and easy-term loans which have considerably cushioned the country financially.

These economic ties Cuba has with the Bloc countries, though, entail cost as well as benefits. Twenty-six years after the revolution, Cuba still hasn't broken the twin curses that plagued it before the revolution: overdependence on sugar and overreliance on a single trading partner.¹⁰⁵ Although sugar is traditionally Cuba's major hard-currency earner, most of the country's crop is sold to Eastern Europe, which pays in rubles at above-market prices. Continued low sugar prices in

the West are expected to force Cuba to an even greater reliance on Eastern Europe. In addition, Cuba's only long-term assured market is the Soviet Union and its allies. The socialist countries have planned their economies on receiving Cuba's sugar. So Cuba is devoting huge resources toward increasing production; it hopes to be producing 11 million tons annually by 1990.¹⁰⁶ The further effect this will have on Cuba's hard-currency problem and debt situation goes without saying.

One would think that Castro would be secure in this arrangement with the Soviet Union and not worry itself with the "less fortunate" Latin American countries. Castro, however, has taken it upon himself to come to the defense of these countries, by urging the Western creditors to forgive their debts and allow Western nations to pay the bankers from their military budgets.

As previously noted, many believe Castro has an ulterior motive behind this heroic stance; they attribute it to a slipping Cuban economy and the need to establish better economic ties with other Latin American countries. Despite its traditionally good financial standing and excellent repayment record, Cuba has recently stumbled upon even harder times --

and it is trying valiantly to pick up the slack. This dismal situation potentially has a big impact on Cuba's ability to service its debt. We have already seen where Cuba has faced the immediate prospect of arrears on its debts and the need for new money in the rescheduling process. Western bankers and nations however, argue that it is Moscow's responsibility to offer more assistance to Cuba before the West can be expected to postpone interest payments or provide new money. This too could potentially have a big impact on Cuba's ability to service its debt.

Despite a somewhat bleak outlook for the overall Latin debt crisis as of late 1986, the prospect of Cuba's future economic condition will not be nearly as bleak. Change is unlikely. New Soviet economic assistance will be forthcoming, as evidenced by the April 1986 trade and direct aid package. But despite the Soviet economic assistance, Cuba may occasionally feel their pinch and be forced to further austerity measures. Cuba will probably continue on in the same rut of constant debt rescheduling, the need for new money, and the prospect of further arrears. Chances are extremely remote that the Soviets will allow Cuba to flounder

if the times get too tough. They have invested an enormous amount of time, effort, and money in this "relationship". One does not normally allow a "relationship" to fall apart when one has invested so much in it.

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INTRODUCTION

Since coming to power in 1959, Castro's foreign policy has been characterized by a number of interests. Survival of the Cuban revolution has been first and foremost his priority -- enhancing his own political base, overcoming economic underdevelopment, and ensuring the islands' security against the United States. More than just precluding isolation and vulnerability to the U.S., he has focused on increasing Cuba's international autonomy. His other objectives have been to promote world-wide revolution, hence international socialism or solidarity, and to cast himself as a leader in the Third World.

Cuba's national security, in the economic and military sense, has been a function of its relations with the Soviet Union throughout the Castro regime. It is the intent of this report to focus on the military aspect of Cuba's relations with the Soviet Union. As military relations are an instrument of foreign policy objectives, Cuba's foreign policy interests will often be discussed. The actual military relations will be addressed in

terms of military aid -- armament and advisors, the military decision-making processes with respect to Castro and the Soviet Union, and foreign aid programs.

This report subscribes to the argument that although Cuba is a small state reliant on the Soviet Union for economic and military security, it has managed to maintain its autonomy, carve out its own foreign policy, and reach mutual accommodation with the Soviet Union. This mutual accommodation is born of the fact that the Soviets have served Cuban objectives and the Cubans have attracted Soviet interest. The Soviet Union aspires to be a superpower, and it wishes to challenge U.S. influence and undermine U.S. security in the Western Hemisphere. Cuba helps to serve this purpose. Although the Soviet Union has not agreed to a formal alliance or defense treaty with Cuba, it has maintained a strong public commitment to aid the development, training, and equipping of Cuban armed forces.

The report begins with an overview of Cuban-Soviet relations from 1959 up to the start of the Cuban missile crisis. This background is presented to better understand relations during and

immediately after the crisis.

Most accounts of the Cuban missile crisis stress the gravity of the situation, and its potential for escalation to the nuclear level. Most analyses of the crisis primarily focus on the Soviet's motives behind the emplacement of the offensive missiles, and the U.S. options designed to counter this unacceptable threat. The section on the missile crisis will not address either of these popular forms of analysis except in support of a particular argument. Rather, it will address the extent of Cuban-Soviet military relations during the crisis period. The Bay of Pigs venture must be regarded as the take-off for unprecedented Soviet bloc military aid, the premise for Khrushchev's "defense of Cuba" rhetoric, and one of the motives behind Soviet emplacement of the missiles. An argument presented within this section is that Cuba was virtually a non-participant in the overall crisis. More accurately, Castro served as the host to this contest between the two superpowers. This smaller argument runs contrary to the major theme of the report with respect to Cuba's autonomy and ability to formulate its own policy. It does note, however, a certain degree of autonomy, and it shows *ANOTHER REASON FOR CUBA'S INCREASED AUTONOMY.*

Part III describes immediate post-missile crisis relations as a premise or foundation for further Cuban-Soviet military relations. Part IV addresses these military relations through the decade of the 1960's. The decade of the 1970's is addressed in Parts V and VI. The extent of military aid received from the Soviet Union throughout the decade is detailed in Part V. Military decision-making processes and extended foreign aid programs are the focus of Part VI. Part VII examines the decade of the 1980's, again in terms of military aid, military decision-making processes, and extended foreign aid programs.

PART I

Cuban-Soviet Relations: Initial Phase

On 10 January 1959, the Soviet Union announced its recognition of Cuba's new government. To this point, Moscow had generally ignored Latin America, viewing it as an unlikely candidate for Soviet influence or socialist development. Despite their recognition of Castro's new leadership, the Soviets viewed his revolution as "peripheral to the security and revolutionary interests of the Soviet Union."¹ They publicly exalted the Cuban revolutionary developments, but at the same time they exploited them for cold-war advantage against the United States. This was done evidently with a minimum of direct involvement in Cuba, and with no implication of any offers of possible Soviet support. They constantly denounced U.S. plans or military intervention in Cuba, but avoided any suggestion that they would come to Cuba's defense.

As the rift between the United States and Cuba widened, Cuba increasingly appealed to a hesitant USSR for economic and military aid. During 1959 and 1960, in the context of these deteriorating

relations with the U.S., Soviet-Cuban relations ultimately jelled. The Soviets made their first real overture to the Castro regime in 1960 when Soviet deputy Prime Minister Mikoyan visited Cuba to sign a trade agreement. The ensuing economic ties and establishment of full diplomatic relations marked the beginning of the Soviet Union's continuing investment in Cuba.

Soviet military cooperation began some time after Castro came to power. Cuba's national security focused increasingly on the need for substantial military power to counteract U.S. military strength. Mikoyan denied that the February 1960 Soviet-Cuban trade agreement had provided for the sale of Soviet armaments, and it is generally believed to have been primarily economic in nature. The actual beginnings of a commitment toward Cuba's defense were made in the summer of 1960. Castro's brother, Raul, Minister of the Armed Forces, visited Moscow in an endeavor to get a specific promise of aid in the event of an attack on Cuba. The resultant joint communique vaguely "reaffirmed that the Soviet Union would use everything to prevent U.S. armed intervention against the Republic of Cuba".² Similar assurances were made when Khrushchev hinted that the Soviet Union might

defend Cuba with missiles located in the Soviet Union. While no agreement on arms sales was announced as a result of Raul's visit, Castro claimed in a speech that weapons were reaching Cuba. These were presumably from Czechoslovakia as well as from some Western countries. It has been confirmed however, that Soviet arms actually began arriving in Cuba by mid-1960. Seeing Cuba as a possible projection of Soviet power in the Western hemisphere or, at the very least, a challenge to American influence in Latin America, the Soviet Union began to supply large amounts of military equipment to the Cuban forces.³ The Soviets initially concentrated on substantial amounts of conventional combat weapons for the ground forces. A number of bloc technicians arrived, and a training program for Cuban military personnel was inaugurated. It has been estimated that by the end of 1960 Cuba received some \$50 million worth of armaments from the Soviet bloc.⁴

Additional arms shipments reached Cuba during 1961. By the time of the Bay of Pigs invasion, Soviet and Czech field artillery and anti-aircraft guns were "pouring into Cuba."⁵ Only a handful of Russian and Czech technicians had arrived to train the gunnery crews.⁶ About fifty Cuban

pilots were training in Czechoslovakia to fly MiG fighter aircraft, and the Soviets were about to supply high-speed Komar patrol boats to guard the Cuban coast against intrusions.⁷ At this time, however, the arms delivered did not appear to have included aircraft or any other sophisticated weapons. Despite the supply of arms, the Soviet Union made no attempt to intervene in Cuba against the U.S.-supported invasion. Since 1960, Moscow had resisted Cuban demands for specific military-security guarantees, and even after the Bay of Pigs, Soviet spokesmen were careful to refer to the Soviet capability, rather than to commitment to come to Castro's defense.⁸ The defeat of the invasion attempt, and Castro's declaration that the revolution was socialist in character, apparently led to an acceleration of more deliveries of Soviet and Czech arms and equipment. It appeared as if the Soviet leadership had decided to strengthen and protect this new-found socialist alliance in the U.S. backyard. Soviet assistance grew considerably thereafter, and soon Cuba fielded one of the best-equipped armies in Latin America.

By the summer of 1962, the Soviet Union had given Castro \$750 million in aid as well as large

amounts of military equipment.⁹ In June Raul Castro returned to Moscow (with Che Guevara) to ask for more armament and technical specialists, and to secure a promise of more protection for Cuba. Russia agreed to send an increased military force to Cuba. It was probably during this same visit that the arrangements were made for installation of the offensive missiles. Prior to the massive July 1962 build-up however, Soviet military supplies had already included jet fighters (MiG-15 Fagot, MiG-17 Fresco, MiG-19 Farmer), military boats, and "approximately 100,000 tons of ground weapons and equipment."¹⁰

PART II

The Cuban Missile Crisis

Starting in late July 1962, Soviet military shipments to Cuba suddenly increased. This was the beginning of the two-stage arms build-up involving some of the Soviet Union's more advanced weapons, which ultimately led to the Cuban missile crisis. The first phase focused on the installation of defensive weapons systems. This included 24 batteries of SA-2 Guideline surface-to-air missiles (SAM's), more than 100 jet planes (including at least 42 supersonic MiG-21 Fishbed fighters), coastal defense patrol boats and cruise missiles, and large quantities of transportation, electronic, communications, radar, and construction equipment.¹¹ Between mid-July and early September some 70 ships had delivered these assorted military supplies and construction equipment.¹²

The second stage of the build-up began in early September when the first of the long-range offensive weapons began to arrive. Among those weapons scheduled for delivery were: 1) 42 IL-28 Beagle bombers, capable of delivering nuclear bombs

up to a range of 600 miles; 2) 6 battalions of Medium-Range Ballistic Missile (MRBM) launchers, equipped with 8 missiles each, with a range of 1,100 miles; and 3) 4 battalions of Intermediate-Range Ballistic Missile (IRBM) launchers, equipped with 8 missiles each, with a range of 2,200 miles.¹³ In addition, these weapons systems were accompanied by four units of specially trained Soviet ground troops armed with nuclear tactical weapons.¹⁴ At the height of the crisis, Soviet personnel, including both technicians and ground troops, numbered more than 22,000.¹⁵

By the time President Kennedy imposed the quarantine and demanded the removal of the long-range weapons from Cuba, the readiness status of the Soviet missiles was fairly advanced. It was this operational readiness status in fact, that proved to be more significant than the quantity of missiles arrived or projected to arrive. This was a valid indicator of the Soviets' real intent and the extent of the growing Cuban accommodation.

On 24 October, according to CIA estimates, nine offensive missile sites were in place near the cities of Guanajay, Remedios, San Cristobal, and Sagua la Grande. Four of the MRBM sites were

operational, and two had emergency operational capability. The three IRBM sites under construction were expected to achieve operational readiness by mid-December. All of the 24 surface-to-air missile sites were operational, and the Cuban armed forces were on full alert. It is also interesting to note that construction of nuclear storage sites was very much in evidence; apparently being built at a rapid rate, on the basis of one site per missile regiment. The presence of nuclear warheads however, was not confirmed. Had the missile build-up gone undetected, in terms of salvo capability, "a 20-launcher MRBM/IRBM force in Cuba would theoretically have been able to deliver 14-15 nuclear warheads on targets in the U.S. in a first strike, a 40-launcher force could deliver 27-30, and a 60-launcher force 41-45."¹⁶ The Soviet Union would have approximately doubled its offensive strategic force targeted against the United States.¹⁷

As interesting (if not more so) as the inventory of equipment present in the military build-up, is the role (or lack thereof) that Cuba played in the missile crisis. It is important to re-focus on pre-missile crisis Cuban-Soviet relations at this point. The Soviet Union had been reticent in

its endorsement of Cuba's revolution and even more so in its commitment to Cuba's defense. It did not hold stock in Castro or in his ability to hold the revolution together. Having finally made its commitment to Cuba, however, Moscow tried to temper the policies of its new ally. This was often to no avail; there were often grounds for disagreement. Castro rarely heeded Moscow's cautionary advice. Castro's demands, combined with an internal struggle (communists vs. Castroites) created tensions that severely strained Cuban-Soviet relations through the spring and early summer of 1962. There were even some signs that Castro was anxious to start playing Moscow against China. It was this type of "roller-coaster" relationship and these types of attitudes which characterized the Cuban-Soviet relations during and immediately after the missile crisis. The Soviet Union was the dominant or key figure during the crisis, and it relegated Cuba to the status of a minor participant. Cuba "observed events with impatience from the wings."¹⁸ One is almost confronted with glaring U.S.-Soviet relations vs. Cuban-Soviet relations; especially given the principal actors of John F. Kennedy and Nikita Khrushchev.

The minimum role Cuba played in the military decision-making process is underscored by a number of pertinent factors. The first of these factors is the presence of Soviet personnel in Cuba. As mentioned, there were some 22,000 Soviet soldiers and technicians in Cuba to assemble, operate, and defend these weapons. Soviet ground forces were deployed at four major installations, and each of these installations included a regimental size armored group with modern Soviet ground-force fighting equipment (tanks, tactical nuclear rockets, anti-tank missiles). The Cubans were removed from the missile sites and replaced by these Russians. Further, all Soviet bombers and fighters were under the command of Soviet aviators. Khrushchev himself, when he acknowledged that Soviet ballistic missiles had been furnished to Cuba, insisted that they were completely controlled by Soviet officers. In an informal communique to the U.S. government he stated that:

the Cubans were very volatile people and that all the sophisticated hardware furnished for their defense was under the control of Soviet officers. It would be used only in the event that Cuba was attacked, and it would never be fired except on his orders as Commander in Chief of all of the Soviet Union.¹⁹

Thus, Russia retained all power of military decision

for the Russian command, and the Cubans were essentially excluded from the decision-making process.

Next, the hypotheses advanced as to Soviet motives behind the missile installation lead one to believe Cuba was not a significant factor or player in the decision-making processes. One does not see Cuba even mentioned in the text of these hypotheses. One hypothesis offered is that the Soviet Union sought merely to compel the United States to withdraw its missiles from Turkey in exchange for the withdrawal of Soviet missiles from Cuba. Another hypothesis suggests that the Soviet leaders may have believed that the deployment of missiles to Cuba would strengthen the Soviet position in its "world-wide" confrontation with the United States, and would add credibility to Soviet strategic threats. Still another asserts that the Soviet leaders may have viewed the deployment of strategic weapons in Cuba as a "quick fix" measure to achieve an improvement in Soviet strike capabilities against the United States. Finally, the Soviets may have emplaced the missiles as a quick and dramatic means for achieving a breakthrough that would strengthen the USSR's position militarily, diplomatically, and

psychologically on a whole range of issues (the Berlin issue in particular). These prevailing themes do not take Cuba's defense (as a first priority) into consideration at all. Rather, they indicate that this venture was intended primarily to serve other ends. Further establishment of Cuban-Soviet military relations as the sole priority was clearly not the case.

The fact that the Cubans and Soviets expounded so much rhetoric on the "defense of Cuba" theme (in response to the abortive Bay of Pigs invasion) does lend some credence to the idea that Cuba was an interested and even active participant in the scheme. But there is still controversy as to whether or not Cuba's defense was actually the real consideration. The question frequently asked is why did the Soviets expend such disproportionate means merely to protect Cuba from invasion? Another controversial question asked is who was actually responsible for initiating the emplacement of the missiles? That would certainly add insight into the extent of Cuba's influence in its military relationship with the USSR. But the answer to that question essentially remains a mystery. The general consensus indicates that the promotion of Cuba's

security interests appears to have been a by-product of Moscow's decision to install strategic missiles.

It is important to note however, the disparity and the inconsistencies in Castro's and Khrushchev's versions of how the missile affair started. Khrushchev told Kennedy and the Supreme Soviet in his 27 October letter that "we carried weapons there at the request of the Cuban government ... our only aim was to defend Cuba."²⁰ Castro on the other hand, later gave several conflicting explanations for the decision to install the missiles. He told the Cubans and Claude Julien of Le Monde (in January 1963), that the Russians had desired them and proposed them for the purpose of "strengthening international socialism."²¹ He then told other reporters that the Cubans had asked for the missiles. To yet others he said it was a "simultaneous action on the part of both governments."²² So, precisely what role Castro played in emplacement of the missiles is still unknown. Khrushchev was probably the main initiator of the venture. Cuba obviously played some role in the acquisition of the missiles, it is just not clear how much of one.

Finally, if Cuba had little participation or

influence in the acquisition process, it had even less during the remainder of the crisis. President Kennedy's decision to confront the Soviet Union directly and to ignore Castro all but eliminated Castro from the decision-making processes. Secretary of State Dean Rusk summarized the President's decision to eliminate Castro as a key player:

These were Soviet weapons. Removing the weapons had to be a Soviet action. I think if you wanted to put a fig leaf on this situation (by pretending that Castro, not Khrushchev was responsible) it would have lasted about five minutes. The issue is not Castro. It's offensive Soviet weapons.²³

The Soviet Union also eliminated Castro from effective participation when it negotiated directly with the United States, accepting conditions (such as reconnaissance flights) which violated Cuban sovereignty. This agreement was made without Cuba's consent. It further excluded Castro by its willingness to resolve the crisis without consulting the Cuban leadership, and to resolve it at Cuban expense (the missiles that were regarded as a deterrent to attack were withdrawn). Castro was kept in the dark as to what would happen, and merely informed of the decision after the fact.

Castro's limited participation in the event

could qualify as almost "token", and the superpowers' attitude toward him almost "patronizing". He did supply the necessary rhetoric and propaganda in support of the missile deployment. However, after the U.S./USSR agreement to remove the missiles, Castro's role was relegated to a "face-saving" one. This was another clear indicator of the limited role Cuba was allowed to play in the "Cuban-Soviet" military decision-making process. He struggled to salvage his prestige at home and in the rest of Latin America. In response to the agreement, Castro demanded that the U.S. evacuate its naval base at Guantanamo Bay. He also announced that his air defenses would act against continued U.S. violations of Cuban airspace. He declared President Kennedy's "no invasion" guarantee as inadequate and unacceptable. Finally, he balked at the settlement terms pertaining to U.N. inspections of the missile sites. He even refused to permit any U.N. observation. The U.S. showed little immediate readiness to discuss the issues with Cuba, and the Soviet Union did not provide it much opportunity to retrieve its pride.

PART III

Post-Cuban Missile Crisis Relations

The Cuban-Soviet missile crisis relationship adversely affected post-crisis relations between the two countries. It also indirectly served as the foundation for further military relations despite the USSR's continued avoidance of any formal commitments to Cuba's defense.

The fact that Khrushchev had not consulted Castro when he withdrew the missiles humiliated the Cuban leader. From that point on, Castro harbored a great deal of resentment toward Khrushchev. The outcome of the crisis indicated to Castro the weakness of Soviet commitment to Cuba. Hence, his resultant skepticism over Soviet commitment to the island led the Cuban leadership to seek alternative securities. For a short time they even explored the possibility of rapprochement with the United States. Further, the Soviet embarrassment produced a situation in which Castro could demand more assistance as the price of his continued allegiance to the USSR. At no time was the pre-eminence of the Cuban Revolution more fully perceived by the Soviet Union.

than immediately after the missile crisis. Without Castro's corroboration of the Russian story about the origins of the missile affair, Khrushchev would have been defenseless against his Russian and international detractors.²⁴ After the crisis, Khrushchev made a strenuous effort to appease Castro.

By the same token, Castro also had some harsh realities to face. Despite the fact that the Soviets were "falling all over themselves" to appease him (which gave him a certain amount of political leverage), Castro was also faced with the prospect of an abruptly reduced Soviet interest in his island. Cuba was no longer strongly considered a possible strategic base and revolutionary beachhead in the Western Hemisphere.²⁵

To revitalize Soviet support, win allies in the Southern Hemisphere, and reassert his autonomy, Castro exploited a number of political issues. In the months following the crisis he maintained a highly and publicly critical posture toward Khrushchev's withdrawal of the missiles and his policy of "peaceful coexistence."²⁶ He also exploited the Sino-Soviet rift by maintaining neutrality in the dispute. Gonzalez states it a bit more fully by saying he "openly courted" the Chinese.

More accurately, he was probably playing both ends against the middle for his own personal gains). Regardless of the semantics what ground Moscow had gained formerly in the dispute by recognizing Cuba's socialism and providing them with the missiles, was subsequently lost. Finally, he renewed Cuba's support for the role of armed struggle in Latin America, and he attacked the pro-Soviet communist parties in Latin America for their lack of revolutionary fervor. These efforts proved successful because Cuba received additional aid and promises of support. Castro was invited to the Soviet Union for long visits in the spring of 1963 and in January of 1964. Moscow even committed itself to a new long-term agreement to buy Cuban sugar at above-market prices. As a result of this Soviet aid to Castro, and despite the missile crisis humiliation, Cuba continued to allow the presence of Soviet troops and training, and further received Soviet ships in its ports.

These political difficulties in Cuban-Soviet relations did not appear to have a major effect on continuing Soviet assistance to the Cuban armed forces. As a matter of fact, with the bitter experiences of the Bay of Pigs invasion and Cuban

missile crisis still fresh in their minds, the Cubans embarked on a policy of conscious self-reliance in matters of internal and external defense. This was a self-reliance, however, born of Soviet assistance and heavily dependent on Soviet equipment. Beyond the element of need, I.L. Horowitz suggests that after the Cuban missile crisis the Cubans were armed with conventional arms as the "price of the removal of the atomic weapons themselves."²⁷ To illustrate this, U.S. State Department reports indicate that the USSR made 250,000 metric tons worth of seaborne military deliveries to Cuba in 1962 and followed that with an additional 40,000 metric tons in 1963.²⁸ From this military build-up, it is apparent that Cuba was not putting any faith in either the 1962 U.S. understanding with the Soviet Union not to invade Cuba, nor on any verbal Soviet commitment to defend Cuba against any foreign attack. (In February 1963 Marshal Malinovsky had pledged that in the event of a U.S. attack on Cuba the "Soviet Union will be in the first ranks of those who come to its aid.")²⁹ Perhaps the best expression of this doubt is rendered in a speech by Castro some five years later: "We must say that we are thousands of miles away from any country that can give us any kind of help and in case

of invasion here, we must learn to accustom ourselves to the idea that we are going to fight alone."³⁰

Although the Cuban-Soviet political differences did not appear to have a major effect on continued Soviet armed assistance, they did appear to have an effect on the level of armed assistance. As Cuban-Soviet foreign relations ebbed and flowed, so did the amount of military aid. After the missile crisis the aid declined from 40,000 metric tons in 1963 to 10,000 tons in 1965, and then increased again until 1967.³¹ Further examples of this pattern will follow chronologically throughout the report. What is important to note here though, is the fact that the Soviets continued their aid despite deterioration in foreign policy relations. This suggests how politically important the Cubans became to the Soviets from 1960 onward. Continued Soviet economic support over time created more leverage for the Cubans, given Moscow's investments, prestige and credibility in keeping the Cuban economy a going concern.³² While Cuba became economically dependent on the Soviets, the latter developed their own kind of political dependency on the Cubans.³³

PART IV

The Mid and Latter Part of the 1960's

In the mid and late 1960's, Cuba's foreign policy and military relationship with the USSR was characteristic of the "roller-coaster" relationship it had maintained throughout the first part of the decade. Although Castro's role in the Cuban missile crisis was hardly noteworthy in light of the overall picture, he was certainly not complacent about the whole affair. He did exercise a certain degree of autonomy in the preliminary and post-crisis phases. It is safe to assume that he must have at least been amenable to the idea of missile emplacement (or they would not have been there), and he was certainly vocal about his disgust over the unsolicited withdrawal of the missiles. The rest of the 60's characterized this growing autonomy (hence rocky relationship), and the growing (yet mutually rewarding), accommodation.

Castro reconfirmed his independence from Moscow in a speech in early 1965. In that speech he asserted that "we are not anyone's satellite, and we never shall be."¹⁴ Castro demonstrated that

self-proclaimed independence from Moscow through various means. Some analyses suggest that his refusal to sign the Partial Nuclear Test Ban Agreement signaled his uneasiness concerning Soviet defense assurances. The failure of the Soviet Union to provide greater support to North Vietnam also distressed Castro, for such failure again raised serious questions concerning the reliability of Moscow's readiness to come to Cuba's assistance in the event of an attack.³⁵ In a speech on 13 March 1965 Castro pointed out that "we are in favor of the Soviet camp taking whatever risks may be necessary for Vietnam."³⁶ The landing of U.S. marines in the Dominican Republic in April 1965, which drew only Moscow's verbal protests, further heightened Castro's apprehensions concerning the validity of Soviet defense commitments to Cuba.³⁷ In response, Cuba again (however later) called for Soviet armed support of Vietnam. Castro's distrust was strengthened by the Kremlin's efforts to achieve a detente with the United States and establish relations with "reactionary" governments in Latin America.³⁸ This distrust was expressed in the failure of the Soviet Union to persuade Castro to support the Nuclear Non-Proliferation Treaty.

Cuba's unwillingness to tow the Moscow line with regard to policy in Latin America is alluded to in the preceding quote. A major source of disagreement stemmed from Cuba's revolutionary zeal in promoting armed struggle in Latin America. If conditions were not right for further revolution in Latin America, Castro felt compelled to create them. To accomplish this, the Cubans were willing to expend money, arms and propaganda throughout Latin America while operating training schools for guerrillas in order to foment revolution.³⁹ Their more significant objectives for this revolution were directed at the countries of Venezuela and Bolivia, but they were never successful.

By the end of 1965, the USSR's and Cuba's differences with regard to this armed struggle in Latin America became increasingly pronounced. The Soviets had been giving qualified endorsement to the armed struggle in selected countries, and they had paid lip service to the Cuban strategy of armed struggle.⁴⁰ But, in pursuit of their own foreign policy objectives they had begun to normalize relations with various Latin American regimes. Discord between the two countries ensued through 1968 and it was at this point that relations were at their

lowest.

In the winter of 1967/68, Castro discovered a microfaccion within the Cuban Communist Party that, in coalition with the Soviet and East European government and party personnel, was seeking to change Cuban government and party policy. Having disregarded Moscow's advice on the theory of armed struggle, having pursued its own course in other areas already discussed, and having responded to this microfaccion of Soviet collaborators in the inner circle of his own government, Castro's autonomy and consequential disagreement with Moscow was at its peak. The culmination of these disagreements prompted the Soviet government to slow its military aid to Cuba. The level of seaborne military deliveries in 1968 was at its lowest -- 5,000 metric tons.⁴¹ Thereafter, however, the deliveries reached a level of stability periodically increasing in step-like fashion.

This stability in military deliveries is attributed to a normalization in relations between the two countries after Castro's endorsement of the Soviet invasion of Czechoslovakia. Thus, the summer of 1968 began a new period of accommodation and alignment.⁴² Despite the improvement in relations

though, Castro continued to raise the issue of Soviet defense commitments to Cuba. While Moscow remained unresponsive to his appeals for formal commitments, it did agree to improve Cuba's defense capability by replacing its worn and obsolete equipment.⁴³ In his speech on 22 April 1970 Castro claimed that Soviet military assistance to Cuba through 1969 amounted to \$1.5 billion.⁴⁴

A new dimension in Cuban-Soviet military relations was introduced in July 1969 by the first visit of a Soviet naval squadron to Cuba.⁴⁵ The arrival of the squadron, which included two conventional submarines, a submarine tender, a guided-missile cruiser, and two guided-missile destroyers, presumably symbolized not only the new closeness in Cuban-Soviet relations but also the new Soviet naval capability to operate in distant regions.⁴⁶ Castro effusively greeted the arrival of the Soviet naval squadron and went "into raptures about the superior naval skills, unequalled revolutionary qualities of the Red sailors."⁴⁷

The 1970's, as will be seen, do not nearly characterize the "roller-coaster" relationship between the Soviet Union and Cuba that was clearly evident in the previous decade. Castro does manage

to maintain his autonomy in political and military issues, but his views generally tend to coincide with the views of the Soviet Union.

PART V

The 1970's: Military Relations

From the early 1970's onward, the Soviets and Cubans entered into a cooperative association designed to serve the vital interests of each country.⁴⁸ This cooperation was further reflected in Cuban-Soviet military relations, and Fidel Castro reaffirmed the strength of these military ties on April 22, 1970:

We shall never break our political ties with the Soviet Union or even what they call military ties. On the contrary! So far as we are concerned we will always be ready to increase⁴⁹ our military ties with the Soviet Union.

These military ties took the form of increased weapons deliveries to Cuba, increased Soviet military technical advice, and the beginning of military deployments. They did not, however, take the form of any formal commitment to Cuba's defense. As seen in the latter part of the 1960's, and as will be further seen throughout the 1970's, this continued to be a significant factor in Cuban-Soviet military relations. Almost every major Cuban policy statement (even the preceding quote) in 1970 stressed the

Soviet responsibilities for Cuba's defense. To allay Havana's fears about Moscow's military commitment, Moscow took several steps to express informally its readiness to aid Cuba in the event of an attack.

In May 1970, Raul Castro visited the Soviet Union to confer with the Soviet Defense Minister. It is believed that some agreement was reached to upgrade Soviet military aid to Cuba and increase the number of Soviet technical and military advisors assigned to the Cuban armed forces. As previously mentioned, Soviet weapons transfers to Cuba amounted to approximately \$1.5 billion between 1960 and 1970, but the next five years brought an estimated doubling of that figure.⁵⁰ United States Secretary of Defense Melvin Laird estimated that direct Soviet aid to Cuba's armed forces in 1970-71 alone amounted to some \$70 million per year, and that "it is likely to continue at that level for the next few years."⁵¹ It is further believed that for all practical purposes the weapons were a gift -- or carried on the books as long-term Soviet credits, which Cuba has clearly been unable to repay.⁵²

The quantity of materiel transferred during the 1960s was relatively small, equipment with a solely tactical utility. After 1970 however, the

Soviets significantly upgraded the quality of Cuban military ground equipment by sending the Cubans new tanks, armored personnel carriers, heavy artillery, missiles, anti-tank missiles, and even some new self-propelled anti-aircraft guns.⁵³ They went a step further than just equipment upgrades when a Soviet combat/training brigade arrived on the island in 1976 or 1977. The presence of the brigade was made public in 1979, and stirred considerable controversy between the two superpowers. The proof was inconclusive, however, and the brigade remained on the island.

As for the Air Force, Cuba's arsenal also steadily improved. Newer and more capable MiG-21 Fishbed aircraft arrived since the first delivery of the MiG-21 during the Cuban missile crisis. In April 1972, the Cuban Air Force received ten to fifteen MiG-23 Floggers, Moscow's most advanced fighter interceptor at the time.⁵⁴ By 1978, the Cubans had over 200 modern combat aircraft, interceptors and fighter-bombers.⁵⁵ In April 1978, the first MiG-23/27 Flogger attack variants arrived in crates. This addition to the inventory caused the greatest stir over aircraft in Cuba since the IL-28 Beagle bombers were spotted in September 1962.⁵⁶ The MiG-23

... military technical advice to
... the early 1960's; by 1964 over
... were studying in the Soviet
... the pattern of the 1960's.⁶²
And the number of Soviet specialists, including
military technicians, increased in Cuba from
approximately 1,000 in the early 1970's to "several
thousand" by 1973 and an estimated 6,000 by 1975,
half of whom were military specialists.⁶³ (It is

important to note here that the 22,000 security troops and technicians present at the height of the missile crisis were removed in 1963, after they lost their reason for being). By 1980 the number of Soviet specialists in Cuba had leveled off at approximately 5,000.⁶⁴ An article in Granma further underscored this growing Cuban-Soviet military cooperation by sending:

most fraternal greetings to the leaders, officers and soldiers of the USSR armed forces and especially to the Soviet military specialists who are working in our country and are helping to strengthen our revolution's defense capabilities by their valuable international cooperation.⁶⁵

Soviet military aid to Cuba entailed more than stepped up arms transfers, training, assistance, and military deployments after 1970. The Cuban Ministry of the Revolutionary Armed Forces (MINFAR) began transformation into a modern military establishment staffed with professionally trained individuals who attended military academies in Cuba or the Soviet Union.⁶⁶ Again, large numbers of Soviet specialists were on hand to assist in the process.

The growing foreign policy accommodation between both countries during the 1970's and the resultant increased Soviet-supplied military aid to Cuba, could possibly lend credence to the substantial

number of hypotheses which argue Cuba is a Soviet pawn or surrogate. Conversely, as will be seen in Part VI, Cuba does manage to retain its autonomy and formulate its own foreign policy during this time period. It also manages to wield a certain degree of political leverage over the Soviet Union. This is true of extended military relations between both countries, and is best illustrated by the Angola and Ethiopia examples.

PART VI

The 1971-1972 Argentine Invasion

On 2 April 1972, the Argentine government announced that it had decided to invade the Falkland Islands. The invasion was a surprise attack on the British colony, which had been under British control since 1833. The Argentine government claimed that the islands were part of its territory and that the British had been occupying them illegally. The invasion was a major event in the history of the Falkland Islands and led to a series of negotiations between the United Kingdom and Argentina. The United Kingdom eventually agreed to return the islands to Argentine control, but the British government has since maintained that the islands are a self-governing territory and that the Argentine invasion was illegal. The invasion was a significant factor in the development of the Falkland Islands' status as a self-governing territory and in the ongoing dispute between the United Kingdom and Argentina over the islands' sovereignty.

Havana's position was made more difficult by the fact that the MPLA had been the only group to remain loyal to the USSR during the Angolan civil war. The MPLA had been the only group to remain loyal to the USSR during the Angolan civil war. The MPLA had been the only group to remain loyal to the USSR during the Angolan civil war.

...the equipment was flown or transported by sea from Eastern Europe via East Germany, Cape Verde and Ceuta. Russian, Bulgarian, and Yugoslav ships unloaded hundreds of tons of equipment including T-34 and T-54 tanks, PT-76 amphibious tanks, MiG-21J jet fighter-bombers (most of which were assembled in Luanda), helicopters and numerous armored vehicles. A source close to the CIA reported that the Cuban-MPLA forces had at their disposal 120 T-54 and T-34 tanks, 70 Soviet-made BRDM vehicles, numerous multi-barreled rocket launchers, 12 MiG-21s and 10 MiG-17s.

With this equipment, the Cubans confronted the South Africans between December 9 and December 18, 1975 in the largest battle of the war. Although at one point the South Africans caught the Cubans by surprise in a

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tactical withdrawal, through the use of air power - particularly the Mi-17s⁷² and tanks the Cubans were able to block any further advances by South Africa and UNDA. Eventually, with the arrival of Cuban reinforcements, they turned the tide and prevented the anti-MELA factions from gaining any further territory.⁷³

Cuba's rewards for its efforts in Angola were multifold: 1) an extension of its ideological commitment towards international solidarity, 2) the victory of the MELA with the attendant prestige it carried, 3) leadership in the Nonaligned Movement in 1976, and 4) an increase of esteem in the eyes of the Soviets, thus ensuring their continued economic and military aid. After 1975, the monetary value of Soviet arms delivered to Cuba again escalated sharply. This was due to the need to replace older weapons transferred to Angola, to Cuba's demonstrated ability to use modern equipment in that country, and to the Cuban government's willingness to engage in support of Third World national liberation movements.⁷³

While maintaining its troops in Angola, Cuba began a second deployment of personnel to Africa in late 1977, this time to Ethiopia. The circumstances

surrounding Cuba's participation here contained similarities to its Angolan experience but there were also differences. In the Horn of Africa, the Cubans, (as had the Russians) allied themselves with Somalia. For Cuba the involvement dated back to 1974 with a military mission to train the Somalis on the use of Soviet equipment. It was this same kind of arrangement that led Cuba into Ethiopia when a leftist military coup in Ethiopia sought to substitute the USSR for the U.S. as the major weapons supplier. When Somalia went to war with Ethiopia over the Ogaden in November 1977, the Cubans were called in to play a part in the defense of Ethiopia. The declared Cuban rationale for its Ethiopia intervention was the same as for the Angola venture -- Cuba had been invited by a genuinely progressive established regime. More than 15,000 troops were sent into both nations, and both commitments were increased incrementally. Advisors were sent in initially, followed by large military units.

As with Angola, the Ethiopia venture could not have been undertaken without Soviet air and sea transport facilities or without additional Soviet-provided equipment, logistical support, and financing supplied during the fighting.⁷⁴ The

Soviets provided superior aircraft, artillery, and tanks. An excellent example of the magnitude of Soviet support was the USSR-coordinated airlift in the winter of 1977. This was a massive movement of Cuban troops from the island in Soviet troop transports. A three-month equipment airlift had already begun, carrying more than \$1 billion worth of materiel (600 armored vehicles, 60 MiG-21s, two squadrons of MiG-23s, T-54 tanks, and assorted artillery) from the Soviet Union to Ethiopian-Cuban forces.⁷⁵ This emphasis on Soviet logistical support should not lead one to assume that the Cubans were coerced into going to Ethiopia, or even for that matter, to Angola. Cuban commitments to African countries long preceded these dates; and when the time came, Cubans demonstrated a popular and energetic desire to go to Africa in large numbers.

Unlike Angola, the Cuban involvement in Ethiopia has been regarded by many as more a geo-political "favor" to the Soviets rather than an instrument of its own foreign policy. And, again unlike the Angolan war, in which Cuba and the Soviet Union established their relations with the MPLA independently, throughout the Ethiopian conflict Moscow was calling the shots. It advised the Dergue,

flew Cuban soldiers in on Soviet planes, armed the Cuban soldiers once they arrived, and directed all military operations from a Moscow-staffed command.⁷⁶ Contrary to what may appear as Soviet influence over Cuba's foreign policy-making however, Cuba did exercise autonomy in the Eritrean aspect of the conflict. Both the Soviets and the Cubans broke relations with the Eritreans, who were trying to secede from Ethiopia -- recently victorious in the Ogaden war. The Cubans, responsible for that victory, did not lend their military support to help the Ethiopians put down the insurrection. They did maintain their 17,000 troops on the Somalian border though, thus freeing the Ethiopians to tend to the Eritreans themselves.⁷⁷ This action not only reduced the Eritrean problem, but it also preserved at least a semblance of innocence for Cuba before the eyes of the Third World Non-Aligned Movement.

The Cuban intervention in Africa has demonstrated the mutual accommodation between both countries. It enhanced Castro's international prestige and influence, directly assisted the creation of Marxist regimes friendly to Cuba, honed the combat readiness of Cuban troops and gave full rein to Castro's ambitions for a global role.⁷⁸ In

Foreign Policy in Central America

According to Table 4, the average tonnage of Soviet ships calling on port in Cuba was 10,000 tons in 1974, 15,000 tons in 1975, and 18,000 tons in 1976-80.⁸¹ In 1981 the tonnage increased to 20,000 tons, more than double the tonnage of 1974.⁸² This is best explained as a direct response to the foreign policy successes Havana achieved in the 1970's. It is also commentary on the relationship between the two superpowers. The independent foreign policy of the Soviet Union promoted Soviet interests in Central America during the late 1970's and early 1980's. The Soviet Union with its growing naval base in the Caribbean and the Caribbean Sea was accomplished while the Soviet Union was pursuing its foreign policy. The Soviet Union's foreign policy in Central America was a direct result of a greater degree of autonomy than it had in the 1970's. Its initiative in Central America was a clear instance of Cuban leadership;

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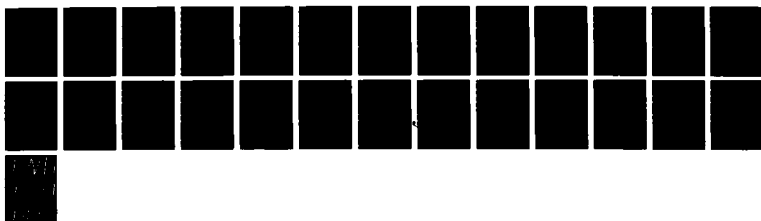
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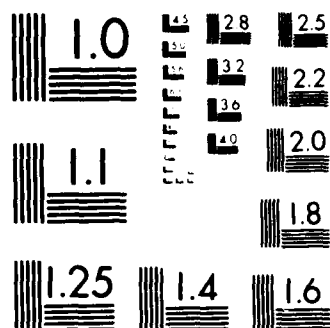
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the Soviets were supporters but not initiators. According to Fidel Castro's speech of December 11, 1982, the Soviets had virtually no contact with the Sandinista insurgent leadership prior to 1979.⁸³ Cuba however, had supported the Sandinistas with low-level assistance prior to their victory and increased the amount substantially in 1978. After Somoza's fall, Cuban military assistance to the Sandinistas continued with approximately 200 military advisors, who were officially invited by the new government.⁸⁴

Cuba's autonomy resulted in some political leverage over the Soviets. It was Soviet policy, not Cuban policy that was initially reactive and changed the most. As a matter of fact, the Soviet view changed sharply with the Sandinista victory and subsequent consolidation of power in Nicaragua. It was now willing to acknowledge the validity of armed struggle in Latin America, an issue which had previously been the source of a great deal of contention between the two countries. The Nicaraguan Revolution was perceived as a watershed, offering potential political and geostrategic gains in a region where the only Soviet political advance had occurred in Cuba starting two decades earlier.⁸⁵ Not

only did the Soviet Union acknowledge the validity of armed struggle, it further became involved clandestinely and then openly in Western Hemisphere armed struggles. Again, Nicaragua provides a clear example of this.

It would be difficult to speak of Cuban-Soviet military relations without reference to the joint influence they have had in Nicaragua. Similarly, the Sandinista military build-up would have been impossible without massive assistance from Cuba and the Soviet Union. As of 1986, there were more than 3,000 Cuban, and more than 40 Soviet military/security advisors in Nicaragua.⁸⁶ Soviet-made equipment began arriving in Nicaragua in early 1980, and it comprises the Sandinista arsenal. Until recently, the Soviets used surrogates to mask the extent of their own involvement in the military build-up. Cuba was the first to make substantial deliveries of Soviet-made arms, and later Algeria and Bulgaria took on this role. Direct Soviet shipment of military-associated goods occurred by 1981, but not until late 1984 did a Soviet ship deliver major weapons systems (ie., Mi-24 Hind helicopter) directly to the Sandinistas. The total value of the tanks, helicopters, and other war materiel shipped to

Nicaragua was approaching \$500 million by early 1985.⁸⁷

Cuba's successful global military efforts, particularly in Nicaragua, have spawned even further Soviet military commitment to the island. Since the peak tonnage of Soviet-supplied equipment to the island in 1981, weapons deliveries have averaged 60,000 tons from 1981 to 1984. By the end of 1984 Cuba had completed the fourth year of a five-year program to strengthen its armed forces. And, although they have still not entered into a formal agreement with the Cubans to defend the island, the Soviets have continued to help the Cubans expand and modernize their armed forces and military equipment.

Cuba in 1986 had the largest and best-equipped military forces of any nation in Latin America, with the exception of Brazil. There are approximately 2,400 Soviet military advisors in Cuba providing training and support for the sophisticated array of new Soviet-built equipment.⁸⁸

This array of Soviet equipment encompasses a variety of weapons built for the air force, the navy, and for the ground forces. In the case of the ground forces, the island nation now has close to 650 armored fighting vehicles, and 900 tanks. It has

acquired 1400 artillery pieces of various caliber, 65 Frog surface-to-surface missiles, some 600 anti-tank guns and guided weapons, 1600 anti-aircraft guns, 12 SA-6 Gainful surface-to-air missiles, and an unspecified number of SA-7 Grail/-9 Gaskin surface-to-air missiles.

The navy has acquired 3 Foxtrot-class attack submarines, 2 Koni frigates, 17 large patrol craft, 100 fast attack craft, 12 minesweepers, 9 landing craft and ships, and a variety of guns for coastal defense.

The Cuban Air Force maintains its combat aircraft in 4 fighter/ground attack squadrons, 16 fighter/interceptor squadrons, and 4 transport squadrons. The fighter squadrons consist of MiG-17 Fresco fighter/ground attack aircraft, MiG-21 Fishbed fighter/interceptor aircraft, and a total of 123 MiG-23 Flogger aircraft (108 fighter/ground attack, and 15 interceptor). Its fighter aircraft are equipped with the AA-1 Alkali, AA-2 Atoll, and AA-8 Aphid air-to-air missiles. Additionally, the Air Force carries a complement of 118 troop-carrying helicopters including 18 Mi-24 Hind D. For area, barrier, and point defense, the Air Force maintains 37 surface-to-air missile sites including 28 SA-2

Guideline and 9 SA-3 Goa.⁸⁹

CONCLUSION

It is apparent even from these last statistics that Cuba enjoys a fruitful military relationship with the USSR. In light of the fact that Cuba is militarily very heavily subsidized by the Soviet Union, one could conclude that Cuba does not have its own foreign policy; that it is merely a Soviet "puppet, pawn, surrogate, or proxy". This view has been the subject of much academic debate, and it is still a view widely held by those outside academic circles. This report has addressed this issue in that it argues Cuba is not a puppet subservient to the foreign policy whims of the USSR, but rather an independently-minded nation with its autonomy and own foreign policy intact. It has reached common ground with the USSR, and rational decision-making has led to an increased mutual accommodation between both countries. Each has managed to derive mutual objectives, hence tangible benefits, from the other.

Cuban-Soviet military relations prior to, during, and immediately after the Cuban missile crisis were at times tenuous. The Soviet Union was

initially reluctant to support the revolution or to formalize ties with Cuba. When ties were finally established, the two countries often found it difficult to come to agreement on policy issues. The Soviet Union wanted to treat Cuba like another satellite nation, but Castro would not stand for it. The outcome of the missile crisis served to further weaken relations between the two countries, and to discredit the Soviet Union in Castro's eyes. Despite this incident, relations resumed (however rocky initially), and both countries increasingly accommodated each other through the years.

The decade of the 1960's was a period of inequality in power between both countries. Each country had vital interests at stake, and each wanted to use the other to its advantage. Despite the Soviet Union's clear superiority in economic and military power, which could influence Cuba's economic survival and need for external security, Cuba managed to wield certain diplomatic and political influence over the Soviets. The Soviet Union was publicly committed to Cuba, thus its prestige in international circles was on the line. It could not afford to undermine its position in the Communist camp nor in the Third World. It had also invested rather heavily

(economically and militarily) in the Castro regime. Cuba too, had its own prestige to maintain, particularly among the developing countries. Castro was determined to make a place for Cuba within the international system, and he operated autonomously and tactically in several instances to achieve that goal. Toward the end of the 1960's, each country realized mutual limits, and Castro changed his foreign policy strategy to suit his own purpose. He realized the pursuit of armed struggle and consequent confrontation with the Soviets was not serving his interests. He could not guarantee his islands security nor could he perpetuate revolution in the face of growing isolationism in the hemisphere.

The rapprochement between Havana and Moscow in the 1970's reflected the growing realization that mutual accommodation afforded mutual benefits. Their relationship rested on a more stable and broader basis, and their ideological and political interests tended to coincide. Cuba's performance as an ideological and political ally served to promote Soviet interests in the Third World and allow significant leverage as well. Havana, too, derived a number of benefits. Increased economic and military aid ensured greater physical security of the island,

and enhanced Cuba's ability to play a greater global leadership role. Castro launched important foreign policy initiatives and sometimes led the Soviets. He exercised his autonomy to advance his own interests and those of his allies, and committed a sometimes reluctant Soviet Union further than it had previously ventured. The events and successes in Africa best illustrate Castro's autonomy and the growing mutual accommodation between both countries.

The 1980's brought more of the same. Castro continued to exercise his autonomy and promote his own foreign policy goals. His success in Central America proved initially a surprise to the Soviet Union, yet invaluable to the promotion of the latter's foreign policy objectives. Their interests had once again neatly coincided, and this resulted in warmer relations and an increased mutual accommodation and alignment.

What implications does this carry for the Cuban-Soviet relationship in the foreseeable future? More than likely both countries will continue to nurture this mutual accommodation for mutual political and military gains. As illustrated in this report, the relationship has only grown stronger during the past twenty-six years, and that will

probably not change in the short term. The successful establishment and survival of a Communist state remote from the Soviet bloc is perceived by the Soviet Union as an important victory for world revolution, and an important gain for the international Communist movement. It has likewise been a significant contribution to Soviet power and prestige. Cuba has given the Soviet Union a political and military foothold in the Western hemisphere, and has helped to tip the scale somewhat in the Soviets' favor in the East-West balance of power. Cuba's cost to the Soviet Union is worth paying in terms of an ally that can further the cause of international solidarity in the Third World. Castro has certainly shown his worth in Africa and Central America, and the USSR will probably not gamble against such good odds. The relationship may not always be harmonious given Castro's past propensity toward unpredictable foreign policy, but as long as the Cuban leadership remains the same, the status quo will probably be maintained.

The strength and warmth of Cuban-Soviet relations will probably have an adverse effect on the possibility of improved U.S.-Cuban relations. The U.S. position on the East-West struggle and the

Cuban-Soviet stance on international solidarity automatically bodes ill for rapprochement between the two countries. Soviet military aid has allowed Cuba to maintain a creditable defense (thus ensuring its external security), and has enabled Cuba to pursue its own foreign policy goals particularly in the revolutionary arena. A relationship with the United States would be fraught with uncertainties and possible dangers for the Cuban leadership. It would entail a loosening of Cuba's military ties with the Soviet Union, and a curtailment of support for world-wide revolution. This would not set well with Castro given his immediate concern for the survival of the Cuban revolution, and his somewhat grandiose aspirations toward global leadership. Any prospects for change would entail a scenario where either economic conditions in Cuba absolutely demand it, or the United States is willing to seek rapprochement on Cuba's terms.

How will this Cuban-Soviet relationship further impact other Latin American states in Central America? Can the USSR afford further Cuban military adventurism? The fact that the Soviets have outspent the U.S. government in economic and military aid by a factor of almost five to one in the Caribbean region

since 1980 is a measure of their interest.⁹⁰ Nicaragua has shown considerable promise in fulfillment of joint Cuban-Soviet interests; therefore the promotion of these interests will probably continue. The USSR will probably tender an initial tacit approval for Cuban adventurism in other Central American states; then if it proves to be successful as in the case of Nicaragua, the tacit approval may translate into open recognition. One could question, however, the feasibility of this Cuban-Soviet military expansionism in light of the increased Soviet economic burden. The USSR is already expending close to 17 percent of its Gross National Product on defense.⁹¹

Finally, one could look at the nature of Cuban-Soviet military and political relations, and ask if Cuba is really representative of normal Soviet-satellite relations. The answer is no, and the ramifications of this answer have comprised the central theme of this report. The use of the word satellite in reference to a state infers substantial dependency, and the adjustment of policies to conform to those of a larger more powerful state. Cuba is economically and militarily reliant on the Soviet Union but their policies have reached mutual

accommodation.

Cuba is unique in that it was never overrun by Soviet military forces as in the case of Eastern European satellite nations. Castro's was a grassroots movement -- not installed -- but revolution from below. It was populist and nationalistic. He did not declare an ideology immediately after the revolution, but when he did, he pursued an independent course and used political strategy and leverage whenever practical.

Castro's dominant personality has been the singlemost influential factor in maintaining this autonomy. From the start he was a strong-willed, tenacious political tactician. He rose to power through will power, charisma, and a canny ability to maintain his political control despite sometimes heavy odds. Given this and his studied determination to pursue his own foreign policy objectives, he was not likely to be pushed around very easily -- even by the Soviets. This has been exemplified a number of times through the course of the report.

Cuba further stands out from the Eastern bloc satellite nations in terms of military adventurism. Castro has projected military operations globally, oftentimes leading the Soviets

in initiative. Cuba currently has troops abroad in Angola, Ethiopia, Congo, Mozambique, Iraq, Libya, South Yemen, Afghanistan, and Nicaragua. This is impressive military expansionism for a "satellite" nation.

The most significant differentiating factor is that Cuba remains in the U.S. sphere of influence rather than in the Soviet sphere. Cuba has historically maintained diplomatic and military relations with the United States. The Platt Amendment, when in effect, was testimony to these relations. Cuba is in close proximity to the United States -- only ninety miles away. By virtue of this, Cuba is of interest to both superpowers, and this affords it a certain degree of political and military leverage. In the case of Cuban-Soviet relations, this helps to erode the "satellite" label -- as this is a luxury not afforded the Eastern Bloc nations.

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VITA

Rene' Lynette Bartusch was born in Tampa, Florida, on October 12, 1956, the daughter of Lieutenant Colonel, USAF-Retired and Mrs. Robert J. Bartusch. Upon completion of her work at South Plantation High School, Plantation, Florida, in 1974, she entered The Florida State University in Tallahassee, Florida. During the summer of 1977 she attended the University of Valencia, Spain. She received the degree of Bachelor of Arts from The Florida State University in August, 1978. Following graduation she entered the United States Air Force in November, 1979, and is currently assigned the rank of Captain, USAF. In September, 1985, she entered The Graduate School of The University of Texas.

Permanent address: 8258 Northwest Ninth Court
Plantation, Florida 33324

These reports were typed by Rene' L. Bartusch.

END

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